

REP. McDERMOTT DISCUSSION DRAFT 06-09-09	RP REVISED INFORMAL DRAFT 06-09-09
SECTION 1. SHORT TITLE.	SEC. 101. SHORT TITLE.
This Act may be cited as the “Save Our Industries Act of 2009” or the “SAVE Act”.	This Act may be cited as the “Save Our Industries Act of 2009/SAVE”.
SEC. 2. FINDINGS; PURPOSES.	SEC. 102. FINDINGS; PURPOSES.
(a) FINDINGS.—Congress finds the following:	(a) Congress finds that--
(1) The United States and the Republic of the Philippines (in this Act referred to as the “Philippines”), a former colony, share deep historical and cultural connections. The United States has developed preferential trading relations with former colonies such as the Marshall Islands, the Federated States of Micronesia and the Republic of Palau.	(1) the United States and the Republic of the Philippines [hereafter referred to as the Philippines], a former colony, share deep historical and cultural connections. The United States has developed preferential trading relations with former colonies such as the Marshall Islands, the Federated States of Micronesia and the Republic of Palau.
(2) The Philippines represents a tremendous economic potential and enduring political and security significance to the United States.	(2) the Philippines represents a tremendous economic potential and enduring political and security significance to the United States.
(3) The United States and the Philippines maintain a fair trading relationship that should be expanded to the mutual benefit of both countries. In 2008, United States exports to the Philippines were valued at \$8,300,000,000, and United States imports from the Philippines were valued at \$8,700,000,000.	(3) the United States and the Philippines maintain a fair trading relationship that should be expanded to the mutual benefit of both countries. In 2008, U.S. exports to the Philippines were \$8.3 billion; U.S. imports from the Philippines were \$8.7 billion.
(4) United States textile exports to the Philippines were valued at nearly \$20,000,000 in 2008, consisting mostly of broadwoven, industrial or specialty, and nonwoven fabrics.	(4) U.S. textile exports to the Philippines were nearly \$20 million in 2008, consisting mostly of broadwoven, industrial/specialty and nonwoven fabrics. The potential for growth is approximately \$555 million in 8-10 years.
(5) The Philippines’ textile and apparel industries, like that of their counterparts in the United States, share the same challenges and risks stemming from the end of the United States quota system and from the end of safeguards that continued to control apparel imports from the People’s Republic of China until January 1, 2009.	(5) the Philippines’ textile and apparel industries, like that of their counterparts in the United States, share the same challenges and risks stemming from the end of the U.S. quota system and from the end of safeguards that continued to control apparel imports from

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hardship;	global economic hardship.
(2) to enhance and broaden the economic, security, and political ties between the United States and the Philippines;	(2) to enhance and broaden the economic, security and political ties between the United States and the Philippines.
(3) to stimulate economic activity and development in regions such as Manila and Mindanao, critical fronts in the struggle against violent extremism; and	(3) to stimulate economic activity and development in all regions of the Philippines.
(4) to provide a stepping stone to an eventual free trade agreement between the United States and the Philippines, either bilaterally or as part of a regional agreement.	(4) to provide a stepping stone to an eventual free trade agreement between the United States and the Philippines, either bilaterally or as part of a regional agreement.
SEC. 3. DEFINITIONS.	SEC.103. TRADE BENEFITS
In this Act:	(a) BENEFITS FOR U.S. – PHILIPPINE PRODUCTION 1. DEFINITIONS – For the purpose of this legislation,
(1) CLASSIFICATION UNDER THE HTS.—The term “classification under the HTS” means, with respect to an article, the 10-digit subheading under which the article is classified in the HTS.	D. CATEGORY. - The number assigned under the U.S. Textile and Apparel Category System of the Office of Textiles and Apparel of the Department of Commerce, as listed in the 2009 Harmonized Tariff Schedule of the United States (HTS) under the applicable heading or subheading.
(2) HTS.—The term “HTS” means the Harmonized Tariff Schedule of the United States.	
(3) ENTERED.—The term “entered” means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.	E. ENTERED- The term ‘entered’ means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States
(4) KNIT-TO-SHAPE.—An article is “knit-to9 shape” if 50 percent or more of the exterior surface area of the article is formed by major parts that have been knitted or crocheted directly to the shape used in the	A. KNIT TO SHAPE. – An article is knit-to-shape if 50 percent or more of the exterior surface area of the good is formed by major parts that have been knitted or crocheted directly to the shape used in the

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garments. (14) Other manmade fiber apparel. (15) Other cotton fiber apparel.	
(b) DUTY FREE TREATMENT FOR CERTAIN ELIGIBLE APPAREL ARTICLES.—	3. DUTY FREE TREATMENT FOR CERTAIN ELIGIBLE APPAREL ARTICLES –
(1) DUTY-FREE TREATMENT.—Subject to paragraphs (2) and (3), an eligible apparel article shall enter the United States free of duty if the article is wholly assembled in the United States or the Philippines, or both, and if the component determining the article's classification under the HTS consists entirely of—	A. Eligible apparel articles shall enter the United States free of duty if they are wholly assembled in the designated countries and if the component determining the article's classification consists entirely of
(A) fabric components cut in the United States or the Philippines, or both, from fabric [wholly] formed in the United States from yarns wholly formed in the United States;	(i) fabric components cut in the Philippines from fabric formed in the United States from yarns wholly formed in the United States;
(B) components knit-to-shape in the United States from yarns wholly formed in the United States; or	(ii) components knit to shape in the United States from yarns wholly formed in the United States; or
(C) any combination of the fabric components or components knit-to-shape described in subparagraphs (A) and (B).	(iii) any combination of the fabric components or components knit to shape described in clauses (i) and (ii).
(2) DYING, PRINTING, OR FINISHING.—An apparel article described in paragraph (1) shall be ineligible for duty free treatment under such paragraph if the component determining the article's classification under the HTS comprises any fabric, fabric component, or component knit-to-shape in the United States that was dyed, printed, or finished at any place other than in the United States.	B. An apparel article described in paragraph 3 shall be ineligible for duty free treatment if the component determining the article's classification comprises any fabric, fabric component, or component knit to shape in the United States that was dyed, printed, or finished other than in the United States.
(3) OTHER PROCESSES.—An apparel article described in paragraph (1) shall not be disqualified from eligibility for duty-free treatment under such paragraph because it undergoes stone-washing, enzyme-washing, acid-washing, permapressing, oven baking, bleaching, garment-dyeing, screen printing, or other similar processes in either the United States or the Philippines.	C. An apparel article described in paragraph 3 shall not be disqualified from eligibility, however, because it undergoes stone-washing, enzyme-washing, acid-washing, permapressing, oven-baking, bleaching, garment-dyeing, screen printing or other similar processes in either the United States or the Philippines.
(c) DUTY REDUCTION FOR CERTAIN ELIGIBLE	4. DUTY REDUCTION FOR CERTAIN

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(1) IN GENERAL.—An otherwise eligible apparel article shall not be ineligible for preferential treatment because fibers or yarns used in the production of the component that determines the article's classification under the HTS do not meet the requirements of subsection (b) or (c), if the total weight of all such fibers or yarns in the component that determines the article's classification under the HTS is not more than 10 percent of the total weight of that component.	A. An otherwise eligible apparel article shall not be ineligible for preferential treatment because fibers or yarns used in the production of the component that determines the article's classification do not meet the requirements of paragraph 3 or 4, so long as the total weight of all such fibers or yarns in the component that determines the article's classification is not more than 10 percent of the total weight of that component.
(2) ELASTOMERIC YARNS.—Notwithstanding paragraph (1), an article described in subsection (b) or (c) that contains elastomeric yarns in the component of the article that determines the article's classification under the HTS shall be eligible for duty free treatment under this section only if such elastomeric yarns are wholly formed in the United States or the Philippines.	B. Notwithstanding subparagraph A, an article described in paragraph 3 or 4 that contains elastomeric yarns in the component of the article that determines its tariff classification shall be eligible for duty free treatment only if such elastomeric yarns are wholly formed in the United States or the Philippines.
(3) DIRECT SHIPMENT.—Any apparel article described in subsection (b) or (c) is an eligible article only if it is imported directly into the United States from the Philippines.	6. DIRECT SHIPMENT – Any eligible apparel article described in paragraph 3 or 4 must be imported directly into the United States from the Philippines.
(f) SINGLE TRANSFORMATION RULES.—Any of the following apparel articles that are wholly assembled, or knit-to-shape, in the Philippines from any combination of fabrics, fabric components, components knit-to-shape, or yarns and are imported directly into the United States from the Philippines shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the articles are made:	(b) SINGLE TRANSFORMATION RULES. -- Any of the following apparel articles that is wholly assembled, or knit-to-shape, in the Philippines from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from the Philippines shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made.
(1) Any apparel article that is of a type listed in chapter rule 3, 4, or 5 for chapter 61 of the HTS (as such chapter rules are contained in [paragraph 1 of] section A of the Annex to Proclamation 8213 of the President of December 20, 2007) as being excluded from the scope of such chapter rule, when such chapter rule is applied to determine whether an apparel article is an originating good for purposes of general note 29(n) to the HTS, except that, for purposes of this paragraph, reference in such chapter rule to "6104.12.00" shall be deemed to be reference to "6104.19.60".	1. Any apparel article that is of a type listed in chapter rule 3, 4, or 5 for chapter 61 of the HTS (as such chapter rules are contained in section A of the Annex to Proclamation 8213 of the President of December 20, 2007) as being excluded from the scope of such chapter rule, when such chapter rule is applied to determine whether an apparel article is an originating good for purposes of general note 29(n) to the HTS, except that, for the purposes of this clause, reference in such chapter rule to '6104.12.00'

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(g) REVIEW AND REPORT.—The Comptroller General shall, at the end of the 1-year period beginning on the effective date under section 5, review the program established under this section for the purpose of evaluating the effectiveness of, and making recommendations [to Congress]for improvements in, the program.	(c) REVIEW AND REPORT.- After two years, the United States Government Accountability Office shall review the program established for the purpose of evaluating the effectiveness of, and making recommendations for improvements in, the program.
(h) ENFORCEMENT.—	(d)ENFORCEMENT.-
(I) PRESIDENTIAL CERTIFICATION OF CONDITIONS.—No apparel article shall be afforded the preferential treatment under this section unless the President certifies to Congress that the Philippines is meeting the following conditions:	1. No apparel article shall be afforded the preferential treatment described in sections (a) and (b) unless the President certifies to Congress that the Philippines is meeting the following conditions:
(A) The Philippines reestablishes the Electronic Visa Information System (ELVIS) to further assist with prevention of transshipment of apparel articles and the use of counterfeit documents relating to the importation of apparel articles into the United States.	A. The Philippines reestablishes the Electronic Visa Information System (ELVIS) to further assist with prevention of unlawful transshipment of apparel articles and the use of counterfeit documents relating to the importation of apparel into the United States.
(B) The Philippines continues to enforce the Memorandum of Understanding between the United States of America and the Republic of the Philippines Concerning Cooperation in Trade in Textile and Apparel Goods, signed on August 23, 2006.	B. The Philippines continues to enforce the cooperation agreement signed with the United States that permits the Bureau of Customs and Border Protection verification teams to conduct visits to verify production and investigate allegations of transshipment through such country.
(C) The Philippines agrees to provide, on a timely basis at the request of U.S. Customs and Border Protection, and consistently with the manner in which the records are kept in the Philippines, a report on exports from the Philippines of apparel articles eligible for preferential treatment under this section, and on imports into the Philippines of [United States] yarns, fabrics, fabric components, or components knit-to-shape <i>[note: use of ‘United States’ here is vague—what makes something a US yarn, fabric, etc.]</i> .	C. The Philippines agrees to provide, within a reasonable period of time at the request of the Bureau of Customs and Border Protection, and consistently with the manner in which the records are kept in the Philippines, a report on exports from the Philippines of apparel articles eligible for preferential treatment under sections (a) and (b), and on imports into the Philippines of U.S. yarns, fabrics, fabric components, or components knit to shape arising from this law.
(D) The Philippines agrees to cooperate fully with the United States to address and take action necessary to prevent circumvention as provided in Article 5 of the Agreement on Textiles and Clothing [referred to in	D. The Philippines agrees to cooperate fully with the United States to address and take action necessary to prevent circumvention as provided in Article 5 of the Agreement on Textiles and

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treatment under this section.	would have meant that the article is or was ineligible for preferential treatment under section (a) or (b).
(i) PROCLAMATION AUTHORITY.—The President shall issue a proclamation to carry out this section not later than 180 days after the date of the enactment of this Act. The President shall consult with the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate in preparing such proclamation.	3. The President shall issue a proclamation to carry out this section (d) not later than 180 days after the date of the enactment of the Save our Industries/SAVE Act of 2009. The President shall consult the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate in preparing such proclamation.
SEC. 5. EFFECTIVE DATE.	SEC. 104. EFFECTIVE DATE.
This Act shall apply to articles entered, or withdrawn from warehouse for consumption, or after the 15th day after the date on which the President issues the proclamation under section 4(i).	This part and the amendments made by this part shall apply to articles entered, or withdrawn from warehouse for consumption, or after the 15th day after the date of the enactment of this Act.
SEC. 6. TERMINATION.	SEC. 105. TERMINATION.
The preferential duty treatment provided under this section shall remain in effect for a period of 5 years beginning on the effective date provided in section 5.	TERMINATION.- The preferential duty treatment provided under this section shall remain in effect until [date – proposed 8-10 years].

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